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BIRMINGHAM INTERNATIONAL HOLDINGS LIMITED **伯明翰環球控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

ANNOUNCEMENT

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONVERTIBLE PREFERENCE SHARES AND RESUMPTION OF TRADING

Financial Adviser to the Company



KINGSTON CORPORATE FINANCE LIMITED

THE AGREEMENT

The Board announces that on 4 May 2010 (after trading hour), the Purchaser, the Vendor and the Guarantor entered into the Agreement pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, at an aggregate consideration of HK\$3,600,000,000 (approximately RMB3,169,000,000). The Consideration will be satisfied by the Purchaser procuring the allotment and issue of the Convertible Preference Shares by the Company, issued credited as fully paid, representing the Consideration upon Completion.

* *for identification purpose only*

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. As the Vendor is wholly-owned by Mr. Yeung Ka Sing, Carson, an executive Director, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

A circular containing, among other things, (a) further details of the Acquisition; (b) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Acquisition; and (c) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice to them in respect of the Acquisition will be sent to Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and investors should note that the Agreement is subject to various conditions as stated in the section headed “Conditions precedent” herein and therefore the Acquisition may or may not complete. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 5 May 2010 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 May 2010.

THE AGREEMENT

Date:

4 May 2010 (after trading hour)

Parties:

- (1) Good Leader Global Invest Limited, a wholly-owned subsidiary of the Company, as Purchaser;
- (2) Diligent King Investments Limited, an investment holding company incorporated in the BVI with limited liability, as Vendor; and

- (3) Mr. Yeung Ka Sing, Carson, an Executive Director, as a guarantor to guarantee to the Purchaser the due performance of the Vendor under the Agreement in all material respects including, without limitation to, the target sum set out in the section headed “Consideration Adjustment” in this announcement and to give the warranties set out in the Agreement.

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, the Vendor is principally engaged in investment holding and is wholly and beneficially owned by Mr. Yeung, an Executive Director. There was no prior transaction between the Company and the Vendor and its associates in the past 12 months prior to the date of the Agreement which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

Sale Share, representing the entire issued share capital of the Target Company.

Consideration and payment terms

The Consideration of HK\$3,600,000,000 (approximately RMB3,169,000,000) was arrived at after arms’ length negotiations among the parties to the Agreement on normal commercial terms.

The Consideration was determined after taking into account (i) the 20 years exclusive licence for the use of the Intellectual Property Rights to be granted to King World by CBT pursuant to the Licence Agreement; (ii) the service fee equivalent to 80% net profits of CBT to be received by King World pursuant to the Master Services Agreement; (iii) the Target Sum; and (iv) the draft valuation report provided by an independent valuer on the Target Company valuing it on a fair market basis by Market Approach — Guideline Publicly Traded Company Method at not less than RMB3,800,000,000 (approximately HK\$4,316,800,000.)

In view of the above, the Directors (excluding the independent non-executive Directors who will reserve their judgment after taking advice from the independent financial adviser) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration will be satisfied by the Purchaser procuring the allotment and issue of the Convertible Preference Shares by the Company, issued credited as fully paid, representing the Consideration upon Completion provided that (a) the aggregate number of the Conversion Shares held by the Vendor and its concert parties (as defined under the Code) which when aggregate together with their existing Shares held shall not exceed 29.0% of the issued share capital of the Company from time to time; and (b) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the total issued Shares from time to time.

The Directors (excluding the independent non-executive Directors who will reserve their judgment after taking advice from the independent financial adviser) consider that it is in best interests of the Company and the Shareholders as a whole to finance the Acquisition by way of allotment and issue of the Convertible Preference Shares as this avoids incurring any costs of borrowing and reduces the impact on the Company’s liquidity and financial position as a result of the Acquisition.

Conditions precedent

Completion is subject to each of the following conditions being satisfied in all respects:

- (i) the passing by the Independent Shareholders of a resolution to approve this Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Convertible Preference Shares and the Conversion Shares at a general meeting of the Company in accordance with the Listing Rules;
- (ii) the Stock Exchange not treating (a) the transactions contemplated under this Agreement as a “reverse takeover” under Rule 14.06(6) of the Listing Rules and/or (b) the Company as a new listing applicant under Rule 14.54 of the Listing Rules;
- (iii) approval of the Capital Increase by the Shareholders at a general meeting of the Company;
- (iv) the Purchaser undertaking a due diligence investigation in respect of the Target Group including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Group and the Purchaser being in its absolute discretion satisfied with the results of such due diligence investigation including but not limited to the issue of a legal opinion in form and substance satisfactory to the Purchaser by a practising lawyer in the PRC appointed by the Purchaser confirming, inter alia, the following:—
 - (a) the legality, validity and enforceability of the Licence Agreement which shall include, inter alia, the following terms and conditions:—
 - (I) King World shall be granted with exclusive rights to use the Intellectual Property Rights, for no further consideration payable, in the conduct of the Business for a term of at least 20 years with an option to renew, on same or better terms, in the sole discretion of King World;
 - (II) The Licence Agreement shall not be terminable by CBT during its term;
 - (III) King World shall pay to CBT a one-off nominal licence fee of RMB1.00 for the use of the Intellectual Property Rights under the Licence Agreement;
 - (IV) CBT shall undertake that it shall at its own cost and expense procure the Intellectual Property Rights be duly registered in the relevant countries if requested by King World; and
 - (V) It shall contain an assignment clause whereby King World is entitled to assign all its rights and obligations under the Licence Agreement to any wholly foreign-owned enterprise in the PRC as designated by the Target Company owned (whether directly or indirectly) by it from time to time.

- (b) the legality, validity and enforceability of the Master Services Agreement which shall include, inter alia, the following terms and conditions:—
- (I) It shall be for a term of not less than 20 years with an option to renew in the sole discretion of King World;
 - (II) CBT shall not terminate the Master Services Agreement during its term and King World may terminate it by serving at least one (1) month's prior written notice to CBT;
 - (III) King World and CBT shall be entitled to the distribution of the net profit of CBT in the proportion of 80% and 20%, respectively; and
 - (IV) It shall contain an assignment clause whereby King World is entitled to assign all its rights and obligations under the Master Services Agreement to any wholly foreign-owned enterprise in the PRC as designated by the Target Company owned (whether directly or indirectly) by it from time to time.
- (v) all Consents of the Stock Exchange and the Securities and Futures Commission (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC, the BVI and the Cayman Islands or elsewhere which are required or appropriate for the entering into and the implementation of this Agreement having been given or made; all waiting periods required under the laws of Hong Kong, the PRC, the BVI, the Cayman Islands or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with;
- (vi) receipt by the Purchaser at its own expense to its satisfaction and in its sole discretion of a valuation report issued by an independent professional valuer appointed by the Purchaser showing that the fair market value of the Target Company being no less than RMB3,800,000,000 (approximately HK\$4,316,800,000). Fair market value means the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction;
- (vii) no event having occurred since the date hereof to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Company and such material adverse effect shall not have been caused;
- (viii) the warranties in the Agreement remaining true, accurate and correct in all material respects;
- (ix) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares; and
- (x) receipt by the Purchaser of all necessary licences, approvals and consents in respect of the transactions contemplated under this Agreement.

If the above conditions have not been fulfilled (or as the case may be, waived by the Purchaser other than conditions (i), (ii), (iii) and (ix)) on or before 5:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Purchaser may agree in writing) or following the fulfilment of the conditions, the Vendor or the Purchaser shall fail to complete the sale and purchase of the Sale Share in accordance with the terms and conditions contained in the Agreement and the Purchaser gives notice to terminate the Agreement, the Agreement shall thereupon terminate and neither party shall thereafter have further claims against the other under the Agreement for costs, damages compensation or otherwise, save for antecedent breaches.

Completion

Completion of the Agreement will take place within 3 Business Days after the fulfilment of the last of the conditions precedent or at such other time as the parties may agree.

After Completion, the Target Company will become a wholly-owned subsidiary of the Company. The financial statements of the Target Company will be consolidated in the accounts of the Group after Completion.

Convertible Preference Shares

The principal terms of Convertible Preference Shares to be issued by the Company are set out as follows:

Issuer:	the Company
Principal value:	HK\$3,600,000,000
Par value:	HK\$0.01
Conversion Price:	The initial conversion price of HK\$0.50 (subject to the adjustments for subdivision or consolidation of Shares, rights issue, dividend payments and distribution in species and other usual dilutive event) for each Convertible Preference Share
Number of Convertible Preference Shares:	A maximum of 7,200,000,000 Convertible Preference Shares in an aggregate principal amount of HK\$3,600,000,000 at the issue price of HK\$0.50 for each Convertible Preference Share
Number of Conversion Shares to be issued upon exercise of the conversion rights attaching to Convertible Preference Shares in full:	A maximum of 7,200,000,000 Conversion Shares (subject to the adjustments to the conversion price and ratio in accordance with the terms of the Convertible Preference Shares)

Conversion period:	Perpetual as from the date of issue of the Convertible Preference Shares
Conversion rate:	The number of Conversion Shares to which a holder thereof shall be entitled is determined by multiplying the conversion rate then in effect by the number of Convertible Preference Shares being converted. The conversion rate of each Convertible Preference Share shall be determined by dividing the Issue Price of each Convertible Preference Share by the Conversion Price (which shall initially be at the rate of 1:1)
Conversion restrictions:	The holder(s) of the Convertible Preference Shares shall have the preference right to convert the Convertible Preference Shares, at any time, into Shares as determined by the then effective conversion rate (as detailed in the section headed “Conversion rate” above) provided that (i) any conversion of the Convertible Preference Shares does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the holder(s) of the Convertible Preference Shares and their concert parties who exercised the conversion rights; (ii) the number of Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Preference Shares (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Convertible Preference Shares), in aggregate with the Shares as held by the Vendor and its concert parties (as defined under the Code), represents not more than 29.0% of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Code; and (iii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the Shares at any time in compliance with the Listing Rules
Redemption:	The Convertible Preference Shares are redeemable by the Company but are non-redeemable by the holders thereof. The redemption price payable by the Company for redemption of the Convertible Preference Shares is HK\$0.50 per share
Ranking:	The Convertible Preference Shares will rank pari passu to any and all current or future preferred equity securities of the Company

Transferability:	The Convertible Preference Shares can only be transferred with the consent of the Company but no Convertible Preference Share can be transferred to connected persons (as defined under the Listing Rules) of the Company
Voting Rights:	Holders of Convertible Preference Shares have no voting right
Rights in Liquidation:	Holders of Convertible Preference Shares shall have no right for return of capital and to participate in distribution of surplus after return of capital

The maximum of 7,200,000,000 Conversion Shares to be allotted and issued upon full conversion of the 7,200,000,000 Convertible Preference Shares based on the Issue Price representing (i) approximately 225.86% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 69.31% of the issued share capital of the Company as enlarged by allotment and issue of such maximum number of Conversion Shares, assuming full conversion of the Convertible Preference Shares.

The Convertible Preference Shares and the Conversion Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the EGM. The Conversion Shares shall rank equally among themselves and *pari passu* in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares.

Issue Price and Conversion Price

The Issue Price and Conversion Price of HK\$0.50 for each Convertible Preference Share was determined after arm's length negotiations between the Purchaser and the Vendor, representing:

- (a) a premium of approximately 49.25% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 49.70% to the average closing prices of approximately HK\$0.334 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 50.60% to the average closing price of approximately HK\$0.332 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 624.64% to the unaudited net assets value per Share (calculated based on the unaudited net assets attributable to equity holders of the Company as at 30 September 2009 divided by the number of Shares in issue as at the date of this announcement) of approximately HK\$0.069 per Share.

Application for Listing

No application will be made by the Company to the Listing Committee for the listing of the Convertible Preference Shares.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued pursuant to the Agreement and upon the exercise of the conversion rights attaching to the Convertible Preference Shares.

Consideration Adjustment

Pursuant to the Agreement, the Vendor and the Guarantor has jointly, severally, irrevocably and unconditionally warranted, guaranteed and undertaken to and with the Purchaser that the aggregate consolidated Net Profits of the Target Group for the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period and the Fifth Relevant Period as to be shown in the audited accounts of the Target Group for such period to be prepared by a certified public accountants acceptable to the Purchaser shall not be less than HK\$1,500,000,000 (approximately RMB1,320,000,000) (the “**Target Sum**”).

In the event that the aggregate Net Profits of the Target Group for the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period and the Fifth Relevant Period is less than the Target Sum, the Purchaser shall be entitled to at cash sum and/or marketable securities (as the case may be) at the end of the Fifth Relevant Period calculated as follows (the “**Adjustment Amount**”):

$$\text{Adjustment Amount} = (\text{Target Sum} - \text{Net Profits}) \times M$$

M = 1.65, representing a premium between the amount of capital commitment of RMB1,200,000,000 (approximately HK\$1,363,200,000) payable by Mr. Yeung (the “**Capital Commitment**”) and the Consideration less the Capital Commitment of approximately HK\$2,240,000,000.

In the event that the Group incurs a loss for the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period and the Fifth Relevant Period (when aggregated), the Purchaser shall be entitled to the Adjustment Amount payable in cash and/or marketable securities (as the case may be) equivalent to the Target Sum.

The cash sum and/or marketable securities (as the case may be) shall be paid by the Vendor and the Guarantor to the Purchaser within 7 Business Days after the audited consolidated accounts of the Target Group for the Fifth Relevant Period have been prepared. The Purchaser shall not be entitled to the Convertible Preference Shares other than cash sum and/or marketable securities if the Target Sum is not met.

The Adjustment Amount to be paid by the Vendor and the Guarantor under the Agreement shall, in no event, exceed HK\$2,240,000,000.

In the event that the Target Sum has met/attained by the Target Group or that the Adjustment Amount has been paid in full, the Escrowed Shares (as defined below) held in escrow shall be released to the Vendor at the end of the Fifth Relevant Period.

The Target Sum is determined with reference to various factors, namely (a) the Capital Commitment of RMB1.2 billion made by Mr. Yeung; (b) an arm's length agreement among the parties to the Agreement to a multiple of 1.65; and (c) all the commercial terms comprising the Agreement.

Undertakings by the Vendor and the Guarantor

Pursuant to the Agreement, the Guarantor has undertaken to and covenanted with the Purchaser that forthwith upon Completion, he shall procure the Vendor to deposit with an escrow agent as may be agreed between the parties hereto, the certificates of such number of Convertible Preference Shares representing a market value of not less than HK\$1,500,000,000 (approximately RMB1,320,000,000) as at the Completion Date (the “**Escrowed Shares**”) on and subject to such terms and conditions of an escrow letter as may be agreed between the parties hereto.

For the purpose of the Agreement, “market value” means an amount determined by multiplying the total number of Conversion Shares to be converted under the escrow by the closing price of each Share as quoted on the Stock Exchange on the relevant date.

The Vendor and the Guarantor have jointly, severally, irrevocably and unconditionally warranted and undertaken to the Purchaser that if the market value of the Escrowed Shares to be determined by the Purchaser on the last business day of each calendar month and based on the average market value of the Escrowed Shares in that month is less than the Target Sum, the Vendor and the Guarantor shall top up the shortfall by cash or Convertible Preference Shares or other marketable securities acceptable to the Company to be held in escrow so that the market value of the Escrowed Shares and/or the Convertible Preference Shares and/or cash and/or marketable securities (as the case may be) held in escrow equals to the value of the Target Sum.

Each of the Vendor and the Guarantor has jointly and severally warranted and undertaken to the Purchaser that during the 6-month period from the Completion Date, it shall not (directly or indirectly) transfer, assign, mortgage, charge, pledge, create or permit to arise any encumbrances on or in respect of any of the interests in the Shares which fall to be allotted and issued upon exercise the conversion right attaching to the Convertible Preference Shares without the prior written consent of the Company.

INFORMATION ON THE TARGET COMPANY, KING WORLD AND CBT

The Target Company is an investment holding company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Yeung, an executive Director. The Target Company is a legal and beneficial owner of the entire issued share capital of King World.

On or before Completion, in consideration for the capital commitment made by Mr. Yeung on 20 April 2010 through his wholly-owned company, to CBT in the amount of RMB1,200,000,000 (approximately HK\$1,363,200,000) payable within 3 years commencing from the Completion Date, and which is guaranteed by Mr. Yeung, CBT will enter into the Licence Agreement with King World whereby King World will be granted with exclusive rights to use the Intellectual Property Rights in the conduct of the Business. CBT has also entered into the Master Services Agreement with King World whereby King World will provide various services to CBT in respect of the conduct of the

Business on an exclusive basis including, without limitation, advertising agency, equipment leasing, advertising production and distribution, marketing, promotion, technology management and business development services in such manner as permissible under the PRC laws and in consideration of which King World will be entitled to an annual service fee equivalent to 80% of the net profits of CBT. The purpose of such capital commitment is for CBT to finance the operating costs of the Business over the 3 years period.

Based on the preliminary advice from the PRC legal advisers, the entering into of the Licence Agreement and the Master Services Agreement will not contravene or violate the PRC laws.

As King World has not commenced business since the date of its incorporation on 15 April, 2010, the Target Group has no turnover, net profit before or after taxation and extraordinary items since the date of its incorporation and no significant assets and liabilities as at the date of this announcement. The Target Group has net asset value of HK\$44,000 as at 30 April, 2010, representing Mr. Yeung's capital contribution to the Target Group as at the date of this announcement.

Mr. Yeung signed a memorandum of understanding with CBT in respect of the acquisition of the Business on or about 15 September, 2009. Save and except the memorandum of understanding, the Master Services Agreement and the Licence Agreement to be signed by King World, no other agreements were signed by Mr. Yeung or the Target Group with CBT as at the date of this announcement.

CBT is a company incorporated in the PRC on 16 June 2000 with registered capital of RMB70,000,000. CBT is principally engaged in the development, investment, construction and operations of television broadcasting systems installed in trains in the PRC. CBT is beneficially owned by Hua Guang Satellite TV Company Limited (華廣衛星有綫電視有限公司), ("HGSC") (HGSC is beneficially owned by China Central Television (中國中央電視台) ("CCTV") and BJH as to 35% and 65%, respectively) Beijing Jing Hua Broadcasting Investment Co. Limited (北京市京華廣電投資有限公司) ("BJH") and Beijing Jing Hua Technology Company Limited (北京市京華電信技術開發公司) ("JHT") as to 66%, 30% and 4%, respectively. Each of them is an Independent Third Party.

The Purchaser understands from the Vendor that as confirmed by CBT, it has developed all the Intellectual Property Rights necessary for the conduct of the Business and obtained all the relevant government licences, approvals and permits from the Ministry of Information Technology of the PRC and the Ministry of Radio, Film and Television of the PRC for carrying on the Business. The initial development plan of the Business includes constructing satellite main stations, satellite antenna and all signal base stations as well as purchasing and installing LCD televisions in trains. The Target Group can operate the Business immediately after Completion.

TARGET COMPANY AND CBT

Target Company is a company wholly-owned by the Vendor. King World is a company wholly-owned by the Target Company and has signed the Master Services Agreement with CBT whereby King World will provide various services to CBT in respect of the conduct of the Business on an exclusive basis including, without limitation, advertising agency, equipment leasing, advertising production and distribution, marketing, promotion, technology management and business development services in such manner as permissible under the PRC laws. In consideration of the services provided by King World, King World and CBT shall be entitled to the distribution of the net profits of CBT in the proportion of 80% and 20%, respectively. The profits of CBT are derived from advertising in television main screen and subsidiary screen in the trains and other transportation in the PRC, including “Railway Movable Channel Advertising (鐵路移動頻道廣告)” and “Television Screen Advertising (電視分屏廣告)”.

CBT has signed a cooperation agreement with China International Television Corporation (中國國際電視總公司) (“CITVC”), a company wholly-owned by CCTV on 16 August, 2003, whereby CITVC has agreed to cooperate with CBT on an exclusive basis in respect of the real-time transmission of CCTV programs to the television main screen and subsidiary screen in the trains and other transportation in the PRC via the satellite digital multimedia broadcasting system and mobile communication technology developed and installed by CBT. CBT has also signed a cooperation agreement with China Railway Signal & Communication Corporation (中國鐵路通信信號集團公司) (“CRSCC”), on 15 September, 2003, whereby CRSCC and CBT will jointly develop an information broadcasting channel to be shown on the television main screen and subsidiary screen in the trains and other transportation in the PRC for railway passengers on an exclusive basis. CBT shall be responsible for developing and installing the required system and technology for the broadcasting of such channel. These two cooperation agreements have no specific duration contained therein and are the major contracts signed by CBT in the conduct of its Business in the PRC.

Given that: (a) CBT has already signed the Master Services Agreement with King World as at the date of the Agreement and has agreed to sign the Licence Agreement with CBT on or before Completion; and (b) the Company has no sufficient internal resources to make capital commitment in the form of cash as requested by CBT, the Board is of the view that the Company can only acquire the Business through the Target Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in operating a Premier League football club, apparel sourcing, apparel trading, provision of entertainment services. To diversify the business of the Group, the Company has been seeking various investment opportunities.

King World has entered into the Master Services Agreement with CBT and will on or before Completion enter into the Licence Agreement with CBT. Having taken into account (i) CBT's large investment scale, development strategy and extensive experience in telecommunication and media industry in the PRC; (ii) the long term growth in media and advertising industry in the PRC; (iii) King World 's entitlement to an annual service fee equivalent to 80% net profits of CBT; (iv) the Target Sum; and (iv) the fair market value of the Target Company being no less than RMB3,800,000,000 (approximately HK\$4,316,800,000), representing a premium of approximately 20% to the Consideration), the Board is of the opinion that the Acquisition provides a good opportunity for the Company to participate in telecommunication, advertising and media industry in the PRC, which in turn will not only enlarge the markets of the Group, but will also broaden the Group's revenue base which would have a positive impact on the profitability of the Company. The Company has already announced on 13 November 2009 plans to commence business relating to aviation media industry, therefore the Acquisition is expected to compliment its existing business. Following completion of the Acquisition, the Company will continue with its existing business.

The Directors (excluding the independent non-executive Directors who will reserve their judgment after taking advice from the independent financial adviser) are of the view that the Agreement and the transactions contemplated therein are (a) fair and reasonable and in the interests of the Company and the Shareholders as a whole; (b) in the ordinary and usual course of business of the Company; and (c) on normal commercial terms which have been negotiated on an arm's length basis. This view has been arrived at on the basis of, inter alia:

- (i) no cash outlay by the Group;
- (ii) RMB1.2 billion Capital commitment by Mr. Yeung to CBT;
- (iii) the synergy effect of the new business with the Group;
- (iv) the draft valuation report valuing the fair market value of the Target Company at not less than RMB3.8 billion;
- (v) the capability to roll-out this business model worldwide;
- (vi) the Target Sum given by Mr. Yeung set out in the section headed "Consideration Adjustment" in this announcement;
- (vii) the premium of the conversion price of the Convertible Preference Shares; and
- (viii) the length of the Licence Agreement and that it cannot be terminated by CBT during the term.

The Directors are aware that there is no track record for the Business and there would be a massive dilution effect if the transaction proceeded to completion and assuming the Target Sum is met. However, having considered the above factors, the security arrangement and the premium of the conversion price of the Convertible Preference Shares, the Directors believe that the benefits outweigh the risk and therefore be of the view that the Acquisition is fair and reasonable and in the interests of the Company and Shareholders as a whole.

The Master Services Agreement is not terminable by CBT during the term of the agreement being 20 years subject to extension by King World. The consequence to the Company, if King World terminated the Master Service Agreement would be that King World will have no right to the provision of advertising and other services to CBT. There is no financial effect as a result of termination given the target sum in place and the fact that no cash outlay had been made. Also, the target sum top up at the end and throughout is in the form of cash and/or marketable securities. Therefore, at no time would the Company be canceling any Convertible Preference Shares.

EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company: (a) as at the date of this announcement; (b) upon the allotment and issue of the allowable consideration shares and the conversion shares (the “Allowable Consideration Shares and Conversion Shares”) as disclosed in the announcement of the Company dated 13 November, 2009 regarding the major transaction in relation to the acquisition of the entire interest in Peace International Creation Limited (the “Major Transaction”); (c) upon exercise the conversion rights attaching to the Convertible Preference Shares up to the conversion restriction of 29%; and (d) upon exercise the conversion rights attaching to the Convertible Preference Shares up to public float restriction are set out as follows:

	As at the date of this announcement		Upon the Allotment and issue of the Allowable Consideration Shares and the Conversion Shares for the Major Transaction (Note 5)		Upon exercise the conversion rights attaching to the Convertible Preference Shares to the conversion restriction of 29% (Note 6)		Upon exercise the conversion rights attaching to the Convertible Preference Shares up to public float restriction (Note 4)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shareholders								
Great Luck Management Limited (Note 1)	324,802,400	10.19	324,802,400	5.87	324,802,400	4.59	324,802,400	3.23
Mr. Yeung	185,452,800	5.82	185,452,800	3.35	185,452,800	2.62	185,452,800	1.84
Premier Rise Investments Limited (Note 2)	163,800,000	5.14	163,800,000	2.96	163,800,000	2.32	163,800,000	1.63
Vendor (Note 3)					1,540,000,000	21.78	4,524,000,000	45.00
Winning Top International Overseas Limited			878,631,677	15.89	878,631,677	12.43	878,631,677	8.74
Genuine Ocean International Trading Limited			1,464,386,129	26.48	1,464,386,129	20.71	1,464,386,129	14.56
Public								
Other public Shareholders	2,513,698,200	78.85	2,513,698,200	45.45	2,513,698,200	35.55	2,513,698,200	25.00
Total	3,187,753,400	100.00	5,530,771,206	100.00	7,070,771,206	100.00	10,054,771,206	100.00

Notes:

1. Great Luck Management Limited is a company incorporated in the BVI and wholly-owned by Mr. Yeung, an executive Director.
2. Premier Rise Investments Limited is a company incorporated in the BVI and wholly-owned by Mr. Hui Ho Luek, Vico, an executive Director.
3. The Vendor is wholly and beneficially owned by Mr. Yeung, an executive Director.
4. This column is shown for illustration purpose only and will never occur. Under the terms of the Convertible Preference Shares, among other things, the number of Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Preference Shares including any Shares acquired by the holders of the Convertible Preference Shares and the parties acting in concert with the holders of the Convertible Preference Shares shall not be more than 29.0% of the then issued Shares of the Company on a fully diluted basis.
5. This column is shown for illustration purpose only and will never occur as Winning Top International Overseas Limited and Genuine Ocean International Trading Limited and their concert parties are capped at holding not more than 29.9% of the issued share capital of the Company upon issue of the Conversion Shares.
6. This column is shown for illustration purpose only are will never occur as Mr. Yeung and his concert parties cannot hold more than 29.0% of the issued share capital of the Company as a result of conversion of the Convertible Preference Shares. Similarly, Winning Top International Overseas Limited and Genuine Ocean International Trading Limited and their concert parties are capped at holding not more than 29.9% of the issued share capital of the Company upon issue of the Conversion Shares.

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. As the Vendor is wholly-owned by Mr. Yeung, an executive Director, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM. The Acquisition is not conditional upon the Major Transaction.

There is no current intention to change the composition of the Board after the Completion. However, the Company may appoint one or two experts from CBT as senior management. The Company intends to maintain its existing principal business after the Completion.

The Vendor, Mr. Yeung and their respective associates have material interests in the transactions contemplated under the Agreement and shall abstain from voting at the EGM. To the best knowledge of the Directors, other than the Vendor, Mr. Yeung and their respective associates, no Shareholder is required to abstain from voting at the EGM.

GENERAL

An Independent Board Committee comprising Mr. Chang Kin Man, Mr. Yau Yan Ming, Raymond and Mr. Zhou Han Ping has been formed to advise the Independent Shareholders in respect of the Agreement and the Acquisition contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

An EGM will be convened at which ordinary resolution(s) will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (a) further details of the Acquisition; (b) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Acquisition; and (c) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice to them in respect of the Acquisition will be sent to Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and investors should note that the Agreement is subject to various conditions as stated in the section headed “Conditions precedent” herein and therefore the Acquisition may or may not complete. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 5 May 2010 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 May 2010.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition of the Sale Share under the Agreement and all the transactions contemplated thereunder
“Agreement”	the conditional sale and purchase agreement dated 4 May 2010 and entered into among the Purchaser, the Vendor and the Guarantor in respect of the Acquisition
“Board”	the board of directors of the Company
“Business”	the business of development, investment, construction and operations of television broadcasting systems installed in trains in the PRC carried out by CBT on or before the Completion Date
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands

“Capital Increase”	the proposed increase of the authorised share capital of the Company from HK\$100,000,000 to HK\$300,000,000 comprising 10,000,000,000 Shares and 10,000,000,000 Convertible Preference Shares of HK\$0.01 each;
“CBT”	means China Broadcasting Telecommunication Limited (中廣電信有限公司), a company incorporated in the PRC;
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Birmingham International Holdings Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement in accordance with the terms thereof
“Completion Date”	the third business day after the fulfilment of the last of the conditions precedent set out in the Agreement or such other date as may be agreed in writing between the parties hereto
“Consent”	any licence, consent, approval, authorisation, permission, waiver, order or exemption
“Consideration”	HK\$3,600,000,000, being the consideration payable by the Purchaser to the Vendor for the Sale Share under the Agreement
“Directors”	directors of the Company
“Conversion Price”	HK\$0.50 for each Convertible Preference Share
“Conversion Shares”	the new Shares, issued credited as fully paid, to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Preference Shares
“Convertible Preference Shares”	7,200,000,000 unlisted, redeemable and non-voting convertible preference shares of HK\$0.01 each convertible into Shares at a Conversion Price of HK\$0.50 per Convertible Preference Share, issued credited as fully paid, and having the rights and benefits and subject to the restrictions set out in the section headed “Convertible Preference Shares” in this announcement

“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Agreement and the transaction contemplated thereunder
“First Relevant Period”	the one-year period commencing from the Completion Date
“Fifth Relevant Period”	means the one-year period commencing from the date immediately after the end of the Fourth Relevant Period
“Fourth Relevant Period”	means the one-year period commencing from the date immediately after the end of the Third Relevant Period
“Guarantor” or “Mr. Yeung”	Mr. Yeung Ka Sing, Carson, an executive Director
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee comprising all independent non-executive Directors, namely, Mr. Chang Kin Man, Mr. Yau Yan Ming, Raymond and Mr. Zhou Han Ping to advise the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders other than the Vendor and Mr. Yeung together with their respective associates
“Intellectual Property Rights”	all industrial and intellectual property, including without limitation, patents, trade marks, service marks, trade names, designs, copyrights and the copyright in all drawings, plans, specifications, designs and computer software (including in each application therefor) in any part of the world and whether or not registered or registrable and all know-how, inventions, formulae, trade secrets, confidential or secret processes and information, business names and domain names and any similar rights situated in any country and the benefit (subject to the burden) of any and all licences in connection with any of the foregoing (including all documents relating thereto) owned or to be owned by CBT in the conduct of the Business
“Issue Price”	HK\$0.50 for each Convertible Preference Share, issued credited as fully paid, subject to and in accordance with the terms and conditions of the Convertible Preference Shares

“King World”	King World International Investment Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Target Company
“Last Trading Day”	4 May 2010, being the last trading day of the Shares immediately before the date of the Agreement
“Licence Agreement”	the licence agreement to be entered into between CBT and King World in respect of the grant of the exclusive licence by CBT to King World for the use of the Intellectual Property Rights
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2010
“Master Services Agreement”	the master services agreement to be entered into between CBT and King World whereby King World will provide various services to CBT in respect of the conduct of the Business on an exclusive basis including, without limitation, advertising agency, equipment leasing, advertising production and distribution, marketing, promotion, technology management and business development services in such manner as permissible under the PRC laws
“Mr. Yeung”	Mr. Yeung Ka Sing, Carson, an executive Director
“Net Profits”	the consolidated net profits after tax and extraordinary items of the Target Group as to be shown in its audited consolidated accounts for the relevant period to be prepared by a firm of certified public accountants in Hong Kong acceptable to the Purchaser
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Purchaser”	Good Leader Global Invest Limited, a wholly-owned subsidiary of the Company incorporated in the BVI
“RMB”	means Renminbi, the lawful currency of the PRC
“Sale Share”	one ordinary share of US\$1.00 each in capital of the Target Company, representing the entire issued share capital of the Target Company

“Second Relevant Period”	the one-year period commencing from the date immediately after the end of the First Relevant Period
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ever Tone International Develop Limited, a company incorporated in the BVI and wholly-owned by the Vendor
“Target Group”	the Target Company, King World and its subsidiaries from time to time
“Third Relevant Period”	the one-year period commencing from the date immediately after the end of the Second Relevant Period
“Vendor”	Diligent King Investments Limited, a company incorporated in the BVI and wholly-owned by the Guarantor
“%”	per cent

By Order of the Board
Birmingham International Holdings Limited
Hui Ho Luek, Vico
Executive Director and Chief Executive Officer

Hong Kong, 18 May 2010

For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00: HK\$1.136. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

As at the date of this announcement, the executive directors of the Company are Mr. Yeung Ka Sing, Carson, Mr. Hui Ho Luek, Vico, Mr. Steven McManaman, Mr. Lee Yiu Tung, Mr. Ip Wing Lun and Ms. Wong Po Ling, Pauline, the non-executive directors are Mr. Christian Lali Karembeu and Mr. Chan Wai Keung and the independent non-executive directors are Mr. Chang Kin Man, Mr. Yau Yan Ming, Raymond and Mr. Zhou Han Ping.